(2) THE MADRAS APPROPRIATION BILL, 1960 (L.A. BILL NO. 4 OF 1960).

THE HON. SRI C. SUBRAMANIAM : Sir, I move—

'That the Madras Appropriation Bill,[a] 1960 (L.A. Bill No. 4 of 1960), as passed by the Legislative Assembly, be taken into consideration.'

MR. CHAIRMAN : The question is—

'That the Madras Appropriation Bill, 1960 (L.A. Bill No. 4 of 1960), as passed by the Legislative Assembly, be taken into consideration.'

The motion was put and carried and the Bill was taken into consideration.

Clause 2 was put and carried.

The Schedule was put and carried.

Clause 1 and the Preamble were put and carried.

THE HON. SRI C. SUBRAMANIAM : Sir, I move—

'That the Madras Appropriation Bill, 1960 (L.A. Bill No. 4 of 1960), as passed by the Legislative Assembly, be passed.'

MR. CHAIRMAN : The question is—

'That the Madras Appropriation Bill, 1960 (L.A. Bill No. 4 of 1960), as passed by the Legislative Assembly, be passed.'

The motion was put and carried and the Bill was passed.

(3) THE MADRAS AGRICULTURAL INCOME-TAX (AMENDMENT) BILL, 1960 (L.A. BILL NO. 2 OF 1960).

* THE HON. SRI M. A. MANICKAVELU : Sir, I move—

'That the Madras Agricultural Income-tax (Amendment) Bill [b]1960 (L.A. Bill No. 2 of 1960), as passed by the Legislative Assembly, be taken into consideration.'

Sir, in the Madras Plantations Agricultural Income-tax (Amendment) Act, 1958, a special provision was made for collecting tax for the assessment year 1958–59 applying the composition formula to all persons liable to tax irrespective of the extent of their holdings. This provision was extended for the assessment year 1959–60 to enable assessees who would not have maintained proper accounts for the accounting year 1958–59 to apply for composition. As it is considered that the assessees would not have maintained proper accounts for the accounting year 1959–60 also, it is felt that section 34 of the Act should be amended suitably so as to extend the benefit of that section in respect of the assessment year 1960–61 also. The Bill accordingly provides for the application of the composition formula for the assessment year 1960–61.

MR. CHAIRMAN : Motion moved—

'That the Madras Agricultural Income-tax (Amendment) Bill, 1960 (L.A. Bill No. 2 of 1960), as passed by the Legislative Assembly, be taken into consideration.'

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a Printed as Appendix VII on pages 576–578 infra.

b Printed as Appendix VIII on page 578 infra.

SRI K. BALASUBRAMANYA AYYAR : Sir, already in the year 1959 when the Agricultural Income-tax (Amendment) Bill was introduced and passed, the Hon. the Revenue Minister might remember that it was extended up to the 31st March 1959. Now they want to extend it by another year. As a matter of fact, even at the time when the original Plantations Agricultural Income-tax Act was passed, it was mentioned by us that this question of agricultural income-tax was not thought of for many years on account of the fact that the ryotwari proprietors found it very difficult to keep proper accounts and that the nature of the transactions was such that proper maintenance of accounts in the sense in which we meant accounting, auditing, and so on, would not be possible. Therefore, a special provision was introduced, and it was mentioned that they would not extend it for some years. Afterwards they found from experience that the difficulties were still there and that many Revenue Divisional Officer reported difficulty. Therefore, they came forward in 1959 with a Bill for extending it by one year more. Now they say there will be complications on account of land legislation. Not only one complication, but the land legislation will give rise to a number of complications, because there are so many mortgage transactions and other transactions. All these have to be gone into. I am not here going to disturb the thoughts of the Government on this matter. The real difficulty is that the nature of the transactions which cultivators have is not such as to admit of ordinary principles of accounting. There are so many materials to be accounted for. One question was asked as to how many cow dung cakes were produced, how many sold, and how many kept in stock. (Laughter.) Cow dung cakes are also sold. Therefore, the nature of the transactions does not admit of proper accounting. It is not as if they have large sums of money for the Government to collect tax from them by way of agricultural income-tax. Therefore it is that I would request the Hon. the Revenue Minister (not merely for the purpose of showing how land legislation will create still further difficulties) to consider all the difficulties of the cultivators in maintaining proper accounts. I hope and trust that the Hon. Minister will get a report from all Collectors and officers as to whether accounting could be properly done, whether the cultivators have learnt the principles of accounting, and whether it is possible for them to account properly to the satisfaction of the higher officers. Only after getting this information, the Government should insist upon proper accounting. Otherwise, they will only have to spend a large amount of money on having officers. Therefore it is I would appeal to the Hon. Minister to consider the question of amending the Act in such a way that only on a notification issued by the Government, section 34 of the Act will apply. This will be more practicable. In so many Acts the Government have taken power to themselves to extend certain provisions by notification in the Gazette. If they have such a power in this Act also, they can always exercise their powers under that provision properly at any particular time. This will give great relief, especially when we are anxious that agriculturists, whose acreage

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is reduced, should not be harassed by this accounting, and so on. This will all end in decreasing production. We are thinking of increasing production, but by all these measures production will decrease. Therefore it is that I am stating that so far as this is concerned, it is better that the Government look into the question of amending section 34 in such a way that they can have some kind of discretion and flexibility by which they can apply the Act immediately or stay or suspend the operation of the Act. There is already another section—section 65—which gives power to persons, who hold lands four times that of the exempted area, to have composition. That is always there. But this is only for general application to all small landholders owning two acres and three acres. To these people, the question of tenancy, etc., does not arise. Therefore, the people need not be immediately alarmed that anything wrong has been done to the tenants. The Hon. the Revenue Minister often said something about small landholders. Nothing is known about their exemption from the tenancy legislation, though it has been stated in many public places. I do not want to raise this question here, because the Hon. the Chairman will say that it is not relevant. But still when we are on this issue, we must remember that. Therefore it is that I am saying that so far as small landholders are concerned, the Government should take power in their own hands to apply section 34 wherever they find it necessary. In this way, they can help the small landholders. That is my submission so far as this particular provision is concerned. There are other difficulties about which mention was made in the other House. I agree with what has been said there, namely, that both the seller and the buyer are taxed. This was pointed out by Sri T. Sampath. This is also a fact. The reply given in the other House was that this being a legislation to amend a particular section, other things could not be taken into consideration. All right. The Government have brought forward this Bill for amending a particular section for a certain purpose. Therefore, I do not want to unncessarily raise that point now. I only want to refer to it so that the Government might realise the difficulties in that regard and have some consideration for it. It is really for consideration whether both should be asked to pay the tax at the same time. That is a thing which is not known at all in any other Statute. If the small landholders are also asked to pay the tax, I am sure they will be put to great difficulty. On the eve of the fixation of a ceiling on land holdings, so many transactions have been taking place. If the Government tax both of them, there will be considerable difficulty and hardship caused to them.

3-40 p.m.

Sri M. SESHACHARIAR : Not always.

Sri K. BALASUBRAMANYA AYYAR : Yes, I know. But, this is the way in which it is done. That is what I wish to point out. Even if there is one instance like this, I am bound to point it out to the Government. Because, these are the difficulties which should be looked into. These taxation statutes should be carefully scrutinised from time to time. All taxation statutes are like that. Not only the statutes themselves, but also the rules

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made thereunder, must be scrutinised from time to time. I can point out to the House a number of instances. But, unfortunately, there is no time and so, I cannot do that. I want that the rules framed under these Acts should be carefully examined from time to time. Of course, these rules are laid on the table of the House. We have to scrutinise them carefully. There is no time for doing it. I admit that we are a bit remiss in that. If some time is given, I can specialise in this subject. I find in many of the rules, that they have exceeded the powers given by the Act itself. I will point out one instance only as I do not want to weary the House with many such instances and it may also not be considered to be relevant just now. Under the Income-tax Rules, retrospective effect has been given. This is not done under the Act itself, but in the rules. I want the Government to take some steps with regard to these matters. I am appealing to them that in all cases of taxation statutes, not only the statutes but also the rules framed under the statute may be carefully looked into from time to time. It is not as if we can legislate for all time. Because, very many transactions take place from time to time. I am specially appealing to the Revenue Minister to look into the matter and see whether these methods of accounting are carefully adopted by the ryots and whether it is at all possible for them to adopt them. Then only we can speak for the whole thing. Otherwise, we have composition for the higher acreage. Therefore it is, I am making this special appeal to the Hon. the Minister for Revenue.

* THE HON. SRI M. A. MANICKAVELU : Sir, this Act was applied to the agricultural sector recently. When this provision was introduced, it was with the idea that since the agriculturists were not in the habit of keeping accounts, some time should be given for them to get into the practice of keeping accounts. That is why this composition provision was put in. But, in practice, it was found that they were not able to keep accounts. Because, not having been accustomed for a long time to keeping accounts, it takes time for them to fall in line with the idea of keeping accounts just like businessmen and others.

SRI K. BALASUBRAMANYA AYYAR : Not only that. They, being illiterate, cannot keep proper vouchers.

* THE HON. SRI M. A. MANICKAVELU : Yes, that is true. Now, the simple object of this Bill is to extend this composition provision for one more year. In the other House also, they moved an amendment that it should be extended for another two or three years' period. The point is this. In view of the impending land reforms, I doubt whether this Act will not undergo very radical changes. When the Government say anything, we are always guarded. To be on the safer side, I said that it might be radically changed. It may be abolition also. Maybe so. For the present, we consider that one year will do.

As regards the other point—both the transferors and the transferees would be mulcted in the matter of payment of this tax—I want to say this. If it is a matter where accounts are

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given, the accounts will clearly show whether he has derived any income. Only when a person does not keep any accounts, the composition formula will be applied. Therefore, it is a concession. Only if he has derived some income, he will go in for composition. So, he will not be affected. But, even granting that the parties would be affected, I submit that generally in transactions, they come to some arrangement or agreement as to who will pay the tax—whether it is the transferor or the transferee. Even if they had not come to any such agreement or arrangement, I have stated in the other House that administratively we will issue proper instructions to see that there is no double taxation

MR. CHAIRMAN : I shall now put the motion to the vote of the House. The question is—

"That the Madras Agricultural Income-tax (Amendment) Bill, 1960 (L.A. Bill No. 2 of 1960), as passed by the Legislative Assembly, be taken into consideration."

The motion was put and carried and the Bill was taken into consideration.

Clause 2 was put and carried.

Clause 1 and the Preamble were put and carried.

THE HON. SRI M. A. MANICKAVELU : Sir, I move—

"That the Madras Agricultural Income-tax (Amendment) Bill, 1960 (L.A. Bill No. 2 of 1960), as passed by the Legislative Assembly, be passed."

MR. CHAIRMAN : The question is—

"That the Madras Agricultural Income-tax (Amendment) Bill, 1960 (L.A. Bill No. 2 of 1960), as passed by the Legislative Assembly, be passed."

The motion was put and carried and the Bill was passed.

IV.—GOVERNMENT RESOLUTION.

CONSTITUTION OF A TOWNSHIP FOR THE KODAIKANAL MUNICIPALITY.

THE HON. SRIMATHI LOURDHAMMAL SIMON : Mr. Chairman, I beg to move—

"That the House do resolve that the area comprised within the jurisdiction of the Kodaikanal Municipality in the Madurai district which is a health resort, be declared to be a township under sub-section (1) of section 4-A of the Madras District Municipalities Act, 1920 (Madras Act V of 1920)."

Sir, Kodaikanal town has become a centre of attraction both as a health resort and as a tourist centre. So, not only the residents of the area, but also the tourists from outside are interested in the development of this town. The Government have considered that the development of the area as a health resort and tourist centre should be entrusted to a Committee of both officials and non-officials rather than a Municipal Council consisting of only